

Message Text

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ACTION NEA-10

INFO OCT-01 ARA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-02
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 ACDA-10 AID-05 IGA-02 TRSE-00 OMB-01 MC-02
/097 W

-----101206Z 103922 /11

R 101059Z MAR 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 5200
INFO AMEMBASSY QUITO

UNCLAS SECTION 1 OF 2 TEL AVIV 1720

E.O. 11652: N/A
TAGS: MASS, PINS, IS
SUBJECT: SALE OF KFIR AIRCRAFT TO ECUADOR

REFS: (A) TEL AVIV 1630; (B) TEL AVIV 1610

1. SUMMARY: U.S. DISAPPROVAL OF THE SALE OF KFIR JET FIGHTERS TO ECUADOR CONTINUES TO BE A MAJOR INTEREST STORY IN ISRAEL. ISRAELI OFFICIALS, FOR THEIR PART, ARE NOW STATING PUBLICLY THAT WHILE WASHINGTON IS UNLIKELY TO CHANGE ITS DECISION ON ECUADOR, THEY EXPECT THAT OTHER CUSTOMERS CAN BE FOUND AND/OR ALTERNATIVES DEVELOPED SUCH AS U.S. CO-PRODUCTION PROGRAMS IN ISRAEL. THEY ALSO HAVE EXPRESSED THE HOPE THAT IN THE FUTURE ADVANCE COORDINATION ON PROSPECTIVE ISRAELI ARMS SALES WILL AVOID PROBLEMS WITH WASHINGTON. THERE SEEMS TO BE GROWING ACCEPTANCE OF THE VIEW THAT THE PROPOSED SALE TO ECUADOR WAS BADLY MISHANDLED BY ISRAEL, SPECIFICALLY THAT ISRAEL AIRCRAFT INDUSTRIES DELIBERATELY CARRIED ITS SALES NEGOTIATIONS TO CONCLUSION BEFORE OBTAINING U.S. APPROVAL FOR THE EXPORT OF AMERICAN COMPONENTS. END SUMMARY.

2. IN A STATEMENT TO THE KNESSET ON MARCH 9, IN RESPONSE
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TO A MOTION BY LIKUD MK MOSHE ARENS, FOREIGN MINISTER ALLON STATED: "I SHALL NOT EXPATiate ON THE HARM LIABLE TO BEFALL THE AIRCRAFT INDUSTRY IF THE SALE OF THE 'KFIR' AIRCRAFT TO ECUADOR IS NOT REALIZED, AND IF NO SUITABLE ALTERNATIVE IS FOUND. THE HARM WILL BE SERIOUS -- AS IS MORE OR LESS KNOWN. IN QUESTION IS NOT ONLY THE THWARTING OF AN EXPORT DEAL TO TOTAL 151 MILLION DOLLARS OVER

TWO YEARS -- 90 MILLION DOLLARS OF WHICH IS ADDED-VALUE -- WHICH IN ITSELF IS OF CONSIDERABLE WEIGHT, BUT THE FACT THAT THE NONREALIZATION OF THIS DEAL, WITHOUT A SUITABLE ALTERNATIVE, IS LIABLE TO SERIOUSLY IMPAIR THE VERY ABILITY OF THE AIRCRAFT INDUSTRY TO CONTINUE MANUFACTURING THE 'KFIR' UNDER REASONABLE ECONOMIC CONDITIONS IN FUTURE.

3. "WHEN THE TIME CAME FOR CONCLUDING THE AGREEMENT WITH ECUADOR, AT THE END OF THE OUTGOING YEAR, THIS WAS NECESSARILY DONE CONTINGENTLY, SUBJECT TO THE APPROVAL OF THE UNITED STATES GOVERNMENT. WE STEPPED UP AND EXPANDED OUR EFFORTS TO GET THE REQUIRED APPROVAL AS EARLY AS POSSIBLE. BUT THE OUTGOING U.S. ADMINISTRATION PREFERRED TO PASS ON THE DECISION TO THE NEW ADMINISTRATION, WHILE THE NEW ADMINISTRATION -- DESPITE ALL OUR EFFORTS AT PERSUASION -- UNFORTUNATELY REFUSED TO GIVE ITS APPROVAL FOR THE DEAL. AS WAS AUTHORITATIVELY EXPLAINED TO US, THIS WAS DONE WITH NO CONNECTION WHATSOEVER TO ISRAEL-U.S. RELATIONS, AND WITH NO REFERENCE TO THE MIDDLE EAST CONFLICT -- BUT ONLY OUT OF CONSIDERATIONS OF U.S. LONG-TERM POLICY IN LATIN AMERICA.

4. "DURING THE VISIT TO ISRAEL LAST MONTH OF U.S. SECRETARY OF STATE CYRUS VANCE, THE MINISTERIAL TEAM AGAIN RAISED THE ISSUE IN OUR TALKS WITH HIM, IN A FURTHER ATTEMPT TO GET THE NEGATIVE DECISION REVERSED -- REGRETTABLY, TO NO AVAIL. AT THE SAME TIME, IN ORDER TO INCREASE COORDINATION AND UNDERSTANDING BETWEEN THE UNCLASSIFIED

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TWO COUNTRIES ON SUCH MATTERS, IT WAS AGREED WITH SECRETARY OF STATE VANCE TO SET UP A JOINT WORKING TEAM OF BOTH COUNTRIES, WHICH WOULD EXAMINE BIDS FOR THE EXPORT OF MEANS OF WARFARE MANUFACTURED IN ISRAEL -- TO THE EXTENT THAT THESE CONTAIN AMERICAN COMPONENTS. I HOPE THAT THE ESTABLISHMENT AND OPERATION OF SUCH A JOINT TEAM WILL FACILITATE MATTERS IN FUTURE."

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FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 5201
INFO AMEMBASSY QUITO

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5. HIRSH GOODMAN, IN THE JERUSALEM POST OF MARCH 10, STATES THAT THE PROPOSED SALE OF KFIR FIGHTERS TO ECUADOR WAS "BADLY MISHANDLED BY ISRAEL AND BLOWN UP OUT OF PROPORTION." HE GOES ON TO SAY THAT: "THE 'SPONTANEOUS' DEMONSTRATION BY SEVERAL HUNDRED AVIATION WORKERS OUTSIDE THE U.S. EMBASSY IN TEL AVIV EARLIER THIS WEEK AGAIN BROUGHT ISRAEL'S ARMS EXPORT INDUSTRY INTO THE HEADLINES -- WHICH IS PRECISELY WHERE IT OUGHT NOT TO BE. IT IS THE CONSIDERED OPINION OF MORE THAN ONE FRUSTRATED OFFICIAL WITHIN THE ISRAEL DEFENSE ESTABLISHMENT THAT THE PROBLEM OF SELLING THE KFIR JET FIGHTER TO ECUADOR WOULD HAVE BEEN FAR NEARER RESOLUTION TODAY HAD IT BEEN HANDLED WITH A GREATER DEGREE OF SOPHISTICATION ON THE ISRAELI SIDE.

6. "ALTHOUGH THE IAI MUST HAVE BEEN AWARE OF THE POTENTIAL PROBLEMS INVOLVED, A DELIBERATE DECISION WAS APPARENTLY MADE TO GO AHEAD AND PRESENT THE AMERICANS WITH A FINAL ACT OF SALE. SHOULD THEY OBJECT, THE MATTER WOULD BE SETTLED EITHER THROUGH THE EXERTIONS OF THE ISRAEL LOBBY IN WASHINGTON OR WITHIN THE CONTEXT OF THAT 'SPECIAL RELATIONSHIP' WHICH EXISTS BETWEEN THE TWO COUNTRIES. WHEN THE MISCALCULATION BECAME OBVIOUS, THE IAI EMBARKED UNCLASSIFIED

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ON A SELF-SERVING CAMPAIGN OF PUBLICITY, BOTH IN ISRAEL AND ABROAD. THIS WAS AIMED AT PROVING THAT THE AMERICANS WERE BEING UNREASONABLE IN BLOCKING THE SALE; THAT THE U.S. HAD BENEFITTED FROM ISRAELI TECHNOLOGY AS MUCH AS ISRAEL HAD FROM AMERICA; AND EVEN THAT THE U.S. DECISION WAS TAKEN IN A FIT OF PETULANCE, AFTER THE KFIR HAD BEEN CHOSEN BY ECUADOR OVER THE AMERICAN-MADE F-5.

7. "TO CAP IT ALL, THE IAI ORGANIZED THIS WEEK'S RATHER NAIVE DEMONSTRATION WITH THE CLEAR INTENTION OF PREVENTING THE MATTER OF THE KFIRS FROM ASSUMING ITS RIGHTFUL

PROPORTIONS AS A PERIPHERAL ISSUE IN THE TOTALITY OF ISRAEL'S NATIONAL INTERESTS. HAS ALL THIS BEEN DONE WITH THE ENDORSEMENT OF THE DEFENSE MINISTRY? THE QUESTION IS ESPECIALLY APT BECAUSE, APART FROM ITS PECULIAR TIMING -- RIGHT ON THE EVE OF PRIME MINISTER RABIN'S DEPARTURE FOR WASHINGTON -- THE IAI'S ACTION COULD HAVE A NEGATIVE IMPACT ON ISRAEL'S OVERALL PROGRAMME OF ARMS SALES IN THE FUTURE. ISRAEL'S ARMS SALES MAY BE AFFECTED AS A RESULT OF THE 'ECUADOR AFFAIR' BECAUSE IT IS FELT THAT THOSE WHO BUY ISRAELI WEAPONS AS WELL AS THOSE WHO SUPPLY COMPONENTS FOR THEM CAN NO LONGER RELY ON THE UNWRITTEN RULE OF MAXIMUM CONFIDENTIALITY IN THESE LETHAL MATTERS."

8. PROFESSOR MOSHE ARENS (SEE ABOVE) BEARDED GENERAL (RET.) BERNARD SCHRIEVER AND ECON COUNSELOR AT A RECEPTION ON MARCH 10. HE SAID THAT THE U.S. DECISION WAS "NOT IN KEEPING WITH RELATIONS EXPECTED BETWEEN FRIENDLY COUNTRIES." WHEN THE REASONS FOR THE U.S. DERISION WERE EXPLAINED TO HIM, ARENS REPLIED THAT HE FOUND THE "EXPLANATION TOTALLY UNACCEPTABLE, PARTICULARLY THE ARGUMENT THAT THE KFIR IS MORE ADVANCED THAN THE F-5". (NOTE: SCHRIEVER IS VISITING ISRAEL ALONG WITH THE OTHER MEMBERS OF THE CONTROL DATA CORPORATION'S BOARD OF DIRECTORS).

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Message Attributes

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TAGS: MASS, PINS, IS, EC, US
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